

**In the matter of,)
Informational Proceeding and)
Preparation of the 2004 Integrated)
Energy Policy Report Update)**

**Docket No. 03-IEP-01, 02-REN-1038,
03-RPS-1078 and 04-Dist-Gen-1**

Comments of Southern California Water Company

Southern California Water Company (SCWC) operates Bear Valley Electric Services (BVES) serving the electricity needs of residential and commercial customers in the Big Bear Lake area of Southern California.

SCWC agrees with Energy Commission Staff that encouraging the development of renewable energy technologies is in the best interests of California's ratepayers. However, as Staff has noted, meeting the accelerated goals can be very costly for a small utility. Also, many small utilities, such as BVES, have already entered into contracts or built new generation to meet the majority of their load through 2010.

In particular, BVES would have difficulty with its current planned resources and forecasted loads, to purchase an additional 3 to 4 MW of baseload energy to meet the proposed RPS standards.

Staff has already indicated that it supports an exemption process for small utilities that face challenges in meeting the RPS. SCWC would like to encourage Staff to further develop the concept of a small utility exemption from the RPS, so long as future net short positions are partially satisfied by renewable energy purchases.

BVES' ratepayers should be able to enjoy both the benefits of low utility rates and renewable energy resources. BVES will be able to provide both if it is allowed to integrate renewable energy sources into its resource portfolio in a cost effective manner.

Respectfully Submitted,

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